

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6536

BILL NUMBER: HB 1401

NOTE PREPARED: Dec 16, 2008

BILL AMENDED:

SUBJECT: Alteration and Formation of Townships.

FIRST AUTHOR: Rep. Stevenson

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill allows a township to become part of a contiguous township in the county if the transfer is approved by a referendum in the township seeking transfer. It allows one or more election precincts or a municipality to become part of a contiguous township in the county if the transfer is approved by a referendum in the election precincts or municipality seeking transfer.

It also allows one or more election precincts or a municipality to become a new township if the formation of the new township is approved by a referendum in the election precincts or municipality seeking transfer. The bill repeals the provision imposing minimum size or valuation requirements on a newly created or altered township.

Effective Date: July 1, 2009.

Explanation of State Expenditures: The bill could increase administrative costs for the Department of Local Government Finance (DLGF), which is required to determine the fund balance transfer amount and adjust, as necessary, the ad valorem tax levy of the receiving township. For newly created townships, the DLGF is to approve the budget, ad valorem property tax levy, and property tax rate.

Explanation of State Revenues:

Explanation of Local Expenditures: Summary- This bill would have indeterminate fiscal impact. The fiscal impact would depend on the efficiencies gained by transferring a township, election precinct, or municipality to a contiguous township or to a newly created township.

Background- Under the bill, a petition signed by 10% of the voters residing in the transferring township, election precinct, or municipality is submitted to the county court clerk for placement on the ballot. Once certified, the county election board places the question on the ballot in the next primary or general election. If the majority of votes cast by the voters of the transferring entity are in favor of the question, the entity becomes part of the contiguous township. A municipality or election precinct may become a new township under the same process.

The transfer would take place on the later of the date specified in the ordinance or the date the county executive files the ordinance with the circuit court clerk and the Secretary of State. An order may not take effect during the year preceding a federal decennial census.

The offices, agencies, and departments of a transferring township are to be abolished and all property, records, equipment, personnel, and contracts are to be transferred to the receiving township. The receiving township executive is to specify the township fire protection and emergency services employees who will transfer to the receiving township.

The 1937 Firefighters' and the 1977 Police Officers' and Firefighters' pension boards of the transferring township will be dissolved and their powers, duties, and responsibilities will be assumed by the receiving township's local board. The recipient township is to levy property taxes to provide payment of pension benefits for members of the 1937 fund.

A transferring township debt service fund is to be transferred to the receiving township to pay the indebtedness of the transferring township. Any remaining balance is to be transferred to the receiving township. The balance in the transferring township's general fund and township assistance fund is also to be transferred to the receiving township.

For transfer of an election precinct or municipality or for a newly created township, any indebtedness or outstanding bonds or obligations are to be transferred to the receiving or new township in the same ratio as the assessed valuation of the property being transferred. If indebtedness or unpaid bonds or obligations are transferred, the receiving township may levy property taxes to pay the indebtedness only within the former boundaries of the election precinct or municipality.

Explanation of Local Revenues:

State Agencies Affected: Department of Local Government Finance; Secretary of State.

Local Agencies Affected: Townships; Municipalities; Circuit court clerks; County auditors.

Information Sources:

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